

0347 - Student Loan Authority

Final Progress Report for the reporting period July 1, 2003 - June 30, 2004

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

The Higher Education Act (Act 5) of 1965 will be reauthorized by Congress in the next 12 months. The Arkansas Student Loan Authority participates in the Federal Family Education Loan Program which is under the governance of the Higher Education Act.

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

None that impact the Student Loan Authority

3. Discuss significant factors internal and external to the agency affecting agency performance.

Interest rates continue to be low. Interest rates on Student Loans are pegged to June rates for the next 12 Months, consequently increases in the fund balance may be less than projected.

4. Provide comments on the usefulness and reliability of performance measures.

Our performance measures are somewhat useful to our management and are calculated on a monthly basis for reporting and management purposes. We would like to modify the performance measures in next year's report in order to track measures that may provide a more meaningful representation of the Student Loan Authority's fiscal condition and service provided to the State.

5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

Not applicable to the Student Loan Authority.

Program 1: Administration & Support Services

Goal 1: Maintain overall oversight and administrative support for the agency and provide Arkansas citizens access to affordable funding for higher education through the issuance and management of tax-exempt student loan revenue bonds

Objective 1: Provide oversight and administration of ASLA and develop, operate and manage bond issue funds to provide a reliable and comprehensive student loan program

Measure

| <u>Number</u> | <u>Performance Indicators</u> | <u>Annual Target</u> | <u>Actual YTD</u> | <u>Comments</u> |
|---------------|--|-------------------------------------|-------------------|---|
| 1 | Net Assets | Increase Fund Balance \$.8 million | \$2.9 million | A retroactive adjustment made for federal interest subsidies created a windfall special allowance payment |
| 2 | Percentage of Bond Asset Coverage | Greater than 102% | 102.98% | |
| 3 | Size of accumulated loan fund balance | \$10 million accumulated loan funds | \$20.9 million | Increased demand for student loan consolidation/refinancing |
| 4 | Maintain AAA Bond Rating | AAA | AAA | |
| 5 | Outstanding Revenue Bonds (in dollars) | \$350,000,000 | \$404,650,000 | Increased due to issuance of student loan revenue bonds in January 2004 |
| 6 | Audit Compliance Exceptions | None | None | |

Comments on performance matters related to Objective 1:

We mistakenly used calendar year-end numbers, instead of fiscal mid-year numbers, when completing the Interim Progress Report. This error may cause comparisons between the Interim Progress Report and the Final Progress Report to have a divergent appearance.

Program 2: Student Financial Assistance Services

Goal 1: Enhance access to higher education through student outreach, client services and student loan servicing programs

Objective 1: Develop programs to support services to students, high school counselors, college financial aid officers and participating lending institutions

Measure

| <u>Number</u> | <u>Performance Indicators</u> | <u>Annual Target</u> | <u>Actual YTD</u> | <u>Comments</u> |
|---------------|---|----------------------|-------------------|--|
| 1 | Current number of ASLA loans made to students and parents | 41,500 students | 59,340 students | Increased demand for college financial aid |
| 2 | Percent of Annual Loan Cohort Default Rate | Less than 12% | 8.2% | |
| 3 | Number of College Fairs and Financial Aid Workshops participated in and supported | 100 | 73 | |
| 4 | Number of free scholarship searches performed for students | 3500 | 4290 | |
| 5 | Number of participating lenders | 90 | 90 | |

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